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the relation of the law to trade associations. Numerous forms used are illustrated, there is a short bibliography, a condensed summary of some of the chief legal cases, and the most complete list available of the existing associations in the United States, some nine hundred in round numbers.

For the task undertaken the author is evidently admirably fitted through his own experience in trade-association work and wide contact with others in the same field. Out of this experience he has gathered much that is presented here in the form of practical suggestions and warnings, and this should prove invaluable to those interested in trade-association affairs or active in their management. Though an earnest advocate of trade associations the author is not unmindful of possible abuses. His attitude can be judged from the fact that he insists that the problems of labor adjustment are not for the trade association to deal with; that a uniform cost system results in fair prices and fair, open competition (p. 187); and that "intelligent, co-operative competition," which is the form attained under a properly conducted trade association, as contrasted with unintelligent, cut-throat competition or price-fixing under monopolistic conditions, "is the only practical, economic, and enduring way in which fair prices can be arrived at and stabilized" so that "a trade association becomes indeed an economic necessity if continuing fair prices are to prevail" (p. 278). Price-fixing he condemns as economically wrong and insists throughout that trade associations must keep from violating the laws against restraint of trade.

But the problems of economic organization arising out of the dangers of extreme individualism and competition on the one hand, and the evils of concentrated control or monopoly on the other hand, are too complex and difficult to admit of thoroughgoing analysis and discussion within the limits of a volume primarily concerned with the technique of organization and administration of trade associations. For those desiring information on these latter points this volume offers the best account available and for the secretaries of such associations it will prove invaluable.

CHESTER W. WRIGHT

THE UNIVERSITY OF CHICAGO

The Federal Income Tax. By ROBERT MURRAY HAIG, editor.
New York: Columbia University Press, 1921. Pp. vi+271.

This book contains a series of lectures on various phases of the income tax delivered at Columbia University in December, 1920, by a

group of noted authorities on taxation, including among others: R. M. Haig, T. S. Adams, T. R. Powell, R. H. Montgomery, and G. E. Holmes. Each of the lectures is on a special topic discussed in most cases from the accounting or the legal point of view but in several cases with primary attention to fundamental economic principles. Among the topics treated may be especially mentioned the "Concept of Income," "Constitutional Aspects of Federal Income Taxation," "Loss," "Inventories," "Reorganizations and Consolidated Returns." The treatment of the topic is in every case scholarly and capable, and the book should be of value both to economists and to lawyers and accountants who are interested in the purpose and significance of the various provisions in the statutes and regulations as well as in the prescribed routine decreed for their fulfilment.

In the discussion of losses, by G. E. Holmes, a point made by the lecturer appears to be open to question. To quote:

It may be noted, parenthetically, that if our tax rates were less subject to change from year to year, it would be comparatively unimportant whether or not too much or too little depreciation was taken in any particular year, *since the aggregate amount would be equalized over a long period of time without any material difference in the total amount of tax paid by the taxpayer.*

The implication is clearly that if the statutory tax-rates remained constant from year to year the only consequence of over- or under-allowance for depreciation in any one year would be an earlier or a later deduction from taxable income, the total amount of tax paid in the long run remaining the same and only the time of payment differing. What is overlooked here is that as long as the rates of both the income and the excess profits taxes are progressive, it is important to the taxpayer that as much of the depreciation as possible should be deducted in the years of large income. Even if the rates of the taxes were not progressive, it would still be important to a concern with irregular income that depreciation should be allowed in the years of net income rather than in the years of net deficit.

Mr. Holmes also fails to point out the inconsistency of the statutory provisions with regard to losses whereby capital gains are taxed only when realized through sale or other disposal of capital assets, whereas capital losses are allowed for as they occur. A corporation may thus be forced to accept allowances for depreciation or obsolescence of some of its capital assets in years when its tax-rate is small either because of

small net income or low statutory rates. On the other hand, it may become subject to taxation at a high rate on the appreciation of other of its capital assets because they are disposed of in a year when its particular tax-rate is high either because of large net income or because of high rates in the tax law for that year.

JACOB VINER

UNIVERSITY OF CHICAGO

Industrial Government. By JOHN R. COMMONS and others. New York: Macmillan, 1921. Pp. 418.

This book, very similar in form and purpose to Mr. Ray Stannard Baker's *The New Industrial Unrest*, is the outgrowth of a tour in the summer of 1919 by members of the Department of Political Economy of the University of Wisconsin to some thirty progressive business concerns. Among the experiments in industrial relations that were studied were those of the White Motor Company, the Ford Company, the Filene Company, the Dennison Manufacturing Company, the Milwaukee Electric Railway and Light Company, the Plimpton Press, and the "Industrial Democracy" systems of three firms, namely the Packard Piano Company, William Demuth and Sons, and the Printz-Biederman Company. In addition to the chapters on these individual plants, one chapter is devoted to the organization and efforts of the International Joint Conference Council in the printing industry, and two chapters to the system of representative government in the men's clothing industry of Chicago and Rochester. Following the chapters on the specific experiments are five on the inferences which are drawn from the investigation.

The book as a whole is written in a popular style and is an excellent piece of high-grade economic reporting. There are, however, instances of faulty analysis, as where the success of the Philadelphia plant of the Link-Belt Company in weathering the war-time labor situation is ascribed primarily to the personality of the superintendent, whereas it was due chiefly to the system of standard tasks with bonuses which enabled men to earn more daily than in most other plants. There are also occasional minor errors as where the National War Labor Board is confused with the Shipbuilding Labor Adjustment Board (p. 353).

The book reflects much of the optimism concerning personnel matters which characterized the summer of 1919. One of Professor Commons'